

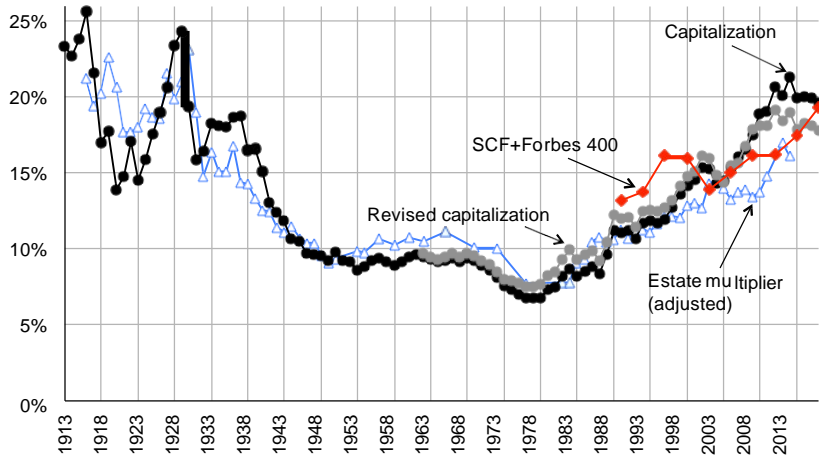
Comments on Progressive Taxation conference on “Rethinking Inequality Policies”

Wojciech Kopczuk
Columbia University

Peterson Institute for International Economics
October 2019

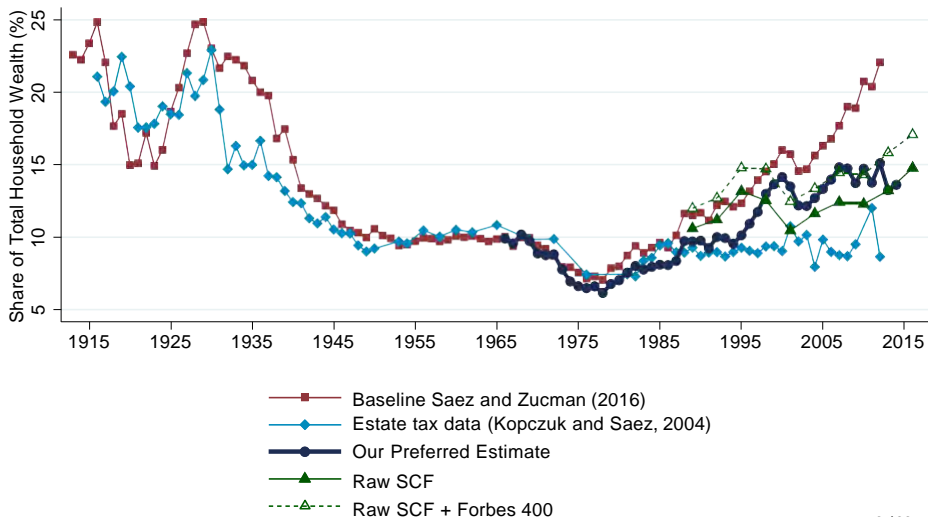
“Facts” about wealth inequality — Saez-Zucman (2019)

(a) Top 0.1% wealth share

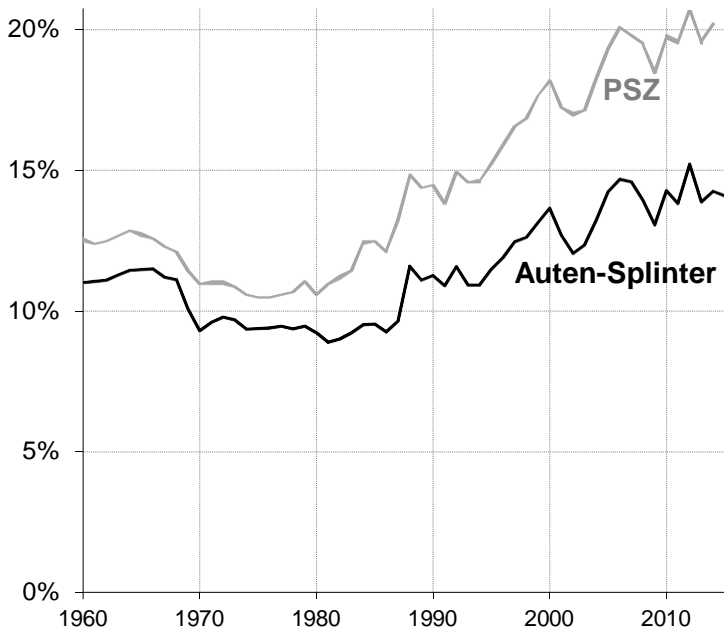


“Facts” about wealth inequality — Smith-Zidar-Zwick (2019)

A. Top 0.1% Share of Total Wealth



“Facts” about income inequality



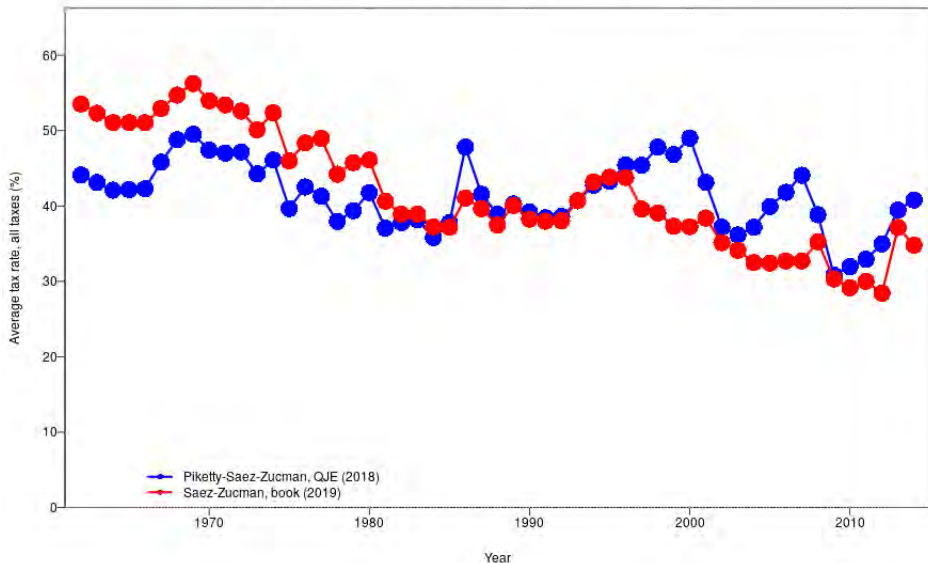
PSZ vs AS — imputations, things we do not know

Table 4: Decomposition of top one percent income shares by approaches

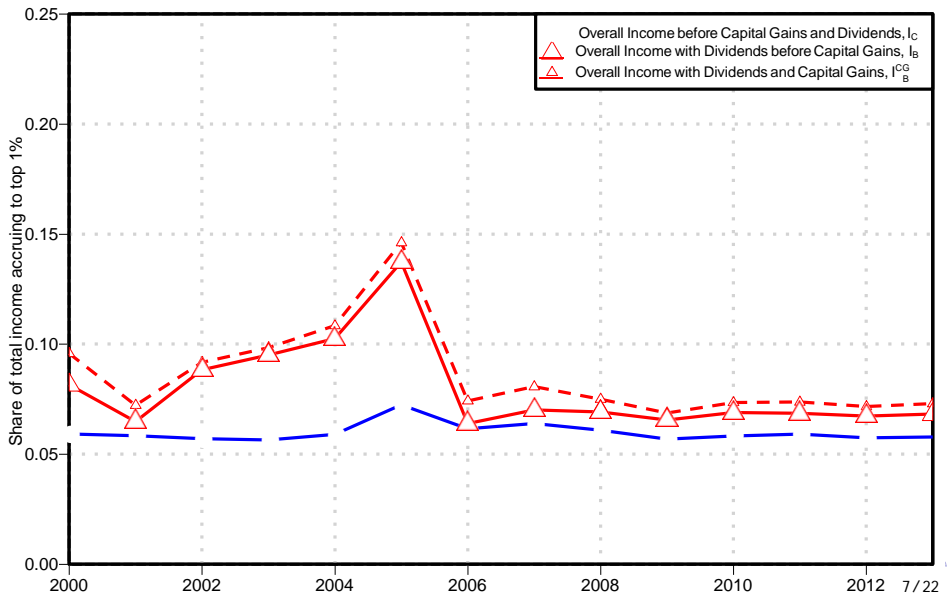
Auten-Splinter approach	PSZ approach	Percentage point level difference			Percentage point difference in changes	
		1962	1979	2014	1979–2014	1962–2014
<i>Pre-tax income</i>						
Underreported income by IRS audit data	Underreported income by positive income	0.1	1.0	2.2	1.2	2.1
Include distributed & other retirement income	PSZ private retirement distribution	0.3	0.2	1.3	1.1	1.1
Non-retirement pre-tax corporate income	PSZ non-retirement pre-tax corp. income	0.5	0.2	0.7	0.4	0.2
Other taxes by disposable income less savings	Other taxes by factor income less savings	0.4	0.2	0.7	0.5	0.3
Various corrections to tax income definition	Use uncorrected tax return market income	-0.1	-0.1	0.4	0.6	0.5
Imputed rent by property tax deductions	Imputed rent by housing wealth estimates	0.5	0.2	0.3	0.1	-0.2
Limit returns to adult residents	No adjustment	-0.1	0.2	0.2	-0.1	0.3
Groups by individuals/size-adjusted incomes	Groups by adults/equal-split married inc.	-0.2	0.1	0.2	0.1	0.4
Non-profits/govt. income half per capita	Non-profits/govt. income all by income	*	*	0.1	*	*
Social insurance benefits/deficit excluded	Social insur. ben./def. incl., taxes deducted	0.2	*	-0.1	-0.1	-0.2
Federal Reserve payments by mortgage interest	Fed. Res. payments by income	*	*	0.1	0.1	0.1
Inflation correction	No correction	*	-0.5	-0.1	0.5	*
Pre-tax differences (PSZ less AS) & totals		1.6	1.7	5.9	4.3	4.4
<i>After-tax income</i>						
Govt. consumption allocated half per capita	Govt. consumption all by after-tax income	0.8	0.7	1.2	0.5	0.4
Non-SS deficits by federal income taxes	Half by government transfers, half taxes	-0.2	0.1	0.6	0.5	0.7
Government transfers as described in text	PSZ transfers distribution	-0.3	-0.2	*	0.2	0.3
Estate tax by prior decade decedent income	Estate tax by wealth distribution	*	*	*	*	*
Corporate taxes by wages and corp. ownership	Corporate taxes by capital ownership	-0.2	-0.3	-0.3	*	-0.1
Other taxes by disposable income less savings	Other taxes by factor income less savings	-0.2	-0.1	-0.3	-0.2	-0.1
After-tax differences (PSZ less AS) & totals		0.2	0.3	1.1	0.8	0.9

“Facts” about progressivity — SZ (2019) vs PSZ (2018)

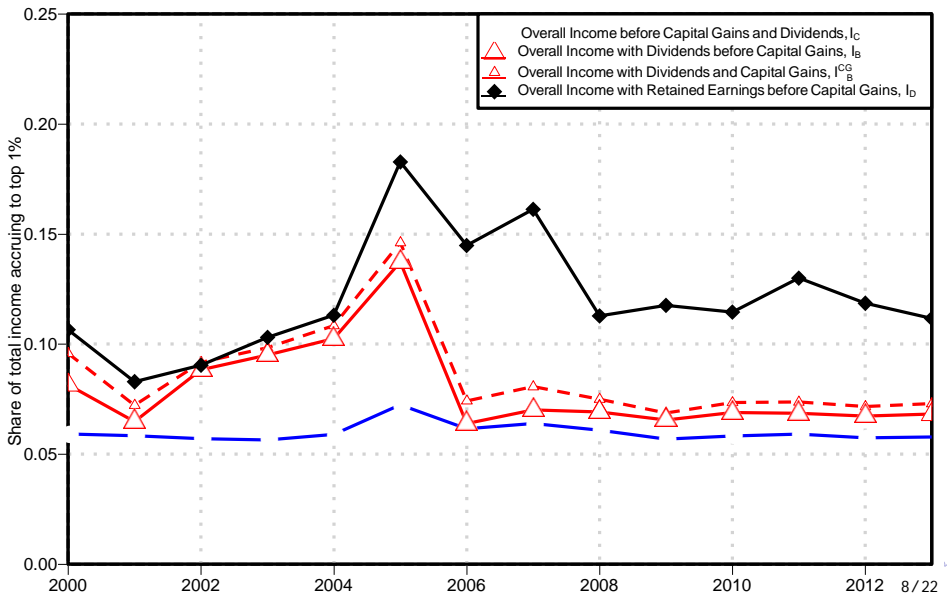
Total average tax rates, federal and state, PSZ (2018) vs SZ (2019) Top 0.01%



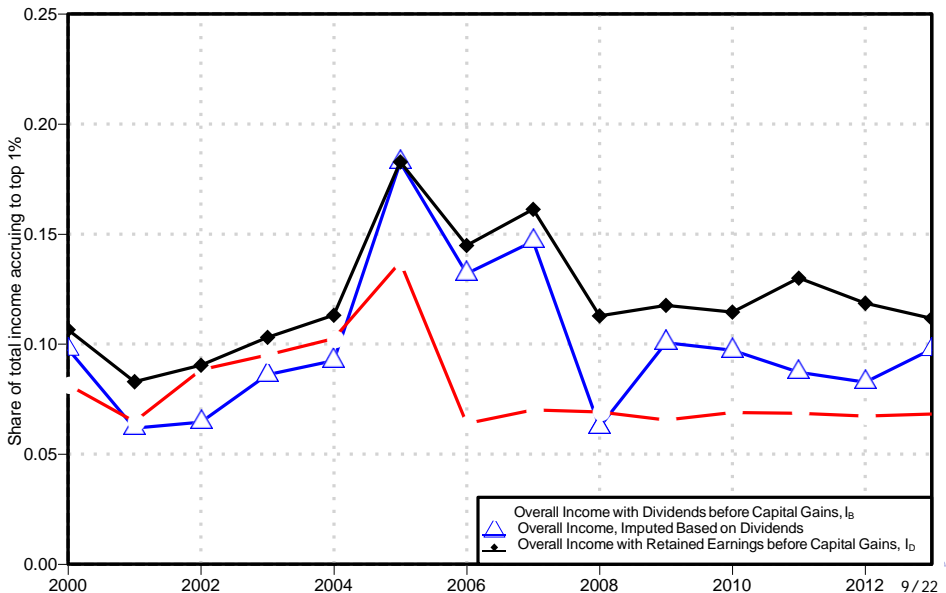
International comparisons — data problems in Norway(!), Alstadsæter et al. (2019)



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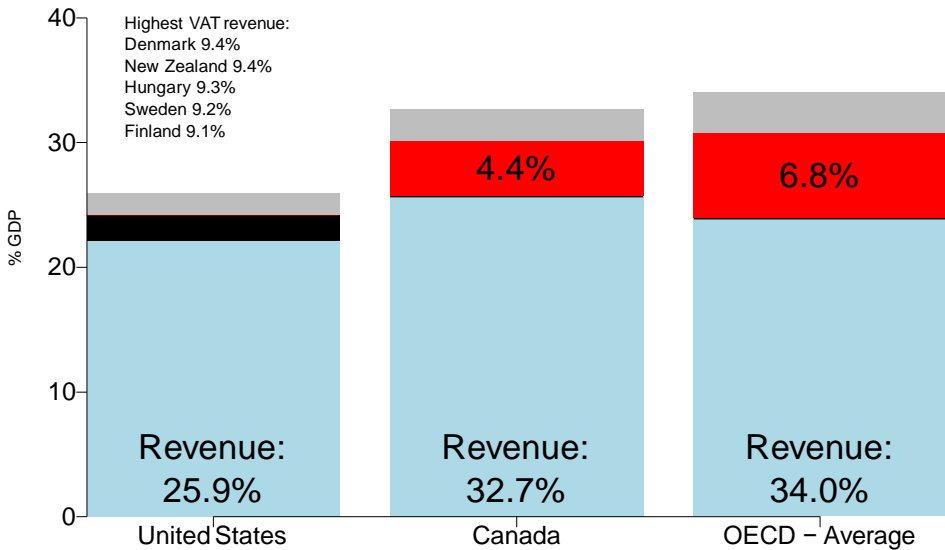
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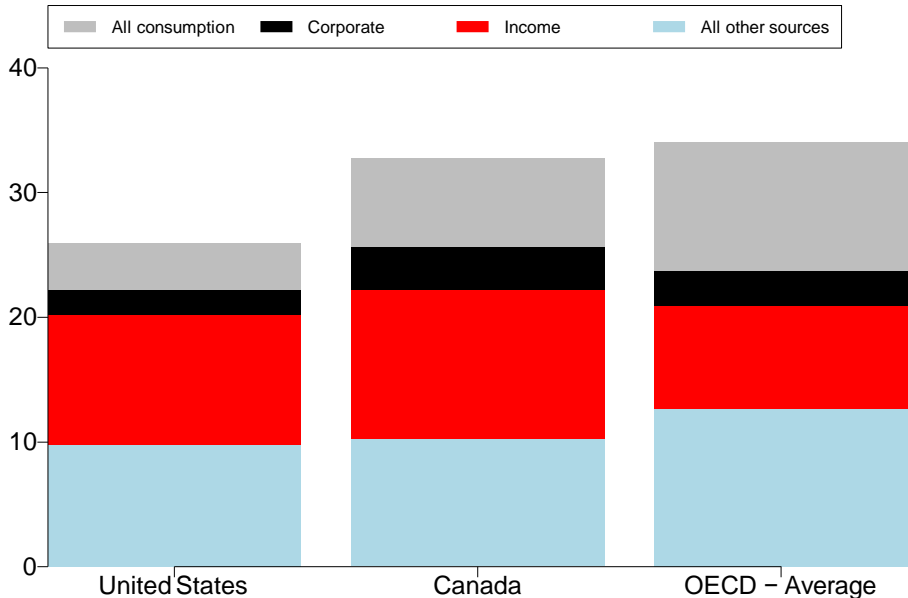
Revenue (%GDP) — VAT and excise

■ Specific/excise ■ VAT ■ Sales ■ All other sources

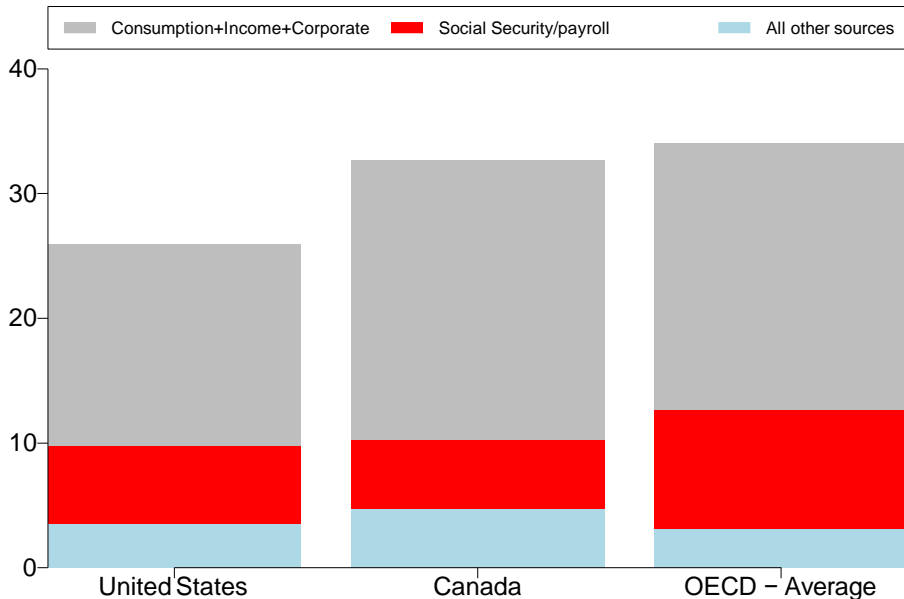
Highest VAT revenue:
Denmark 9.4%
New Zealand 9.4%
Hungary 9.3%
Sweden 9.2%
Finland 9.1%



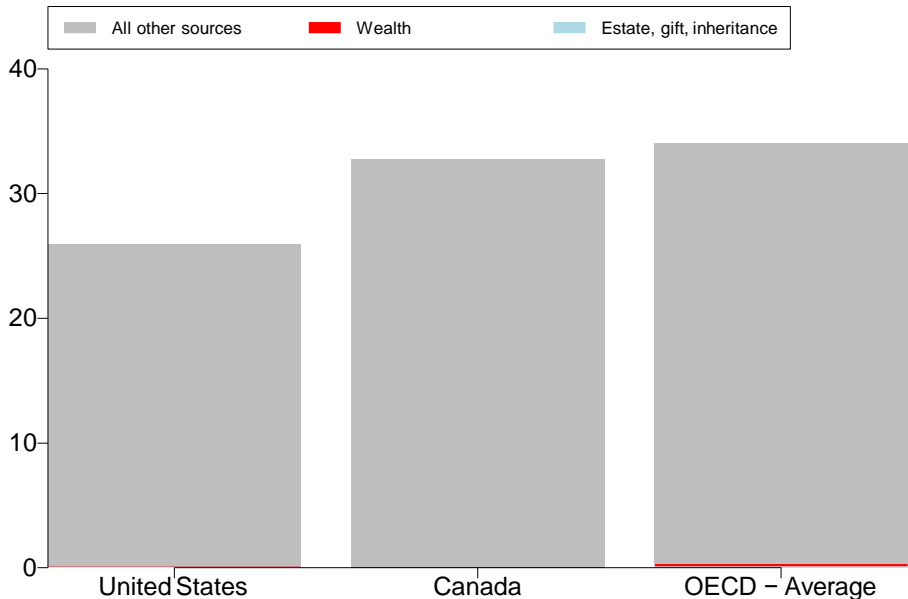
Revenue (%GDP) — income and corporate tax



Revenue (%GDP) — Social Security and payroll taxes



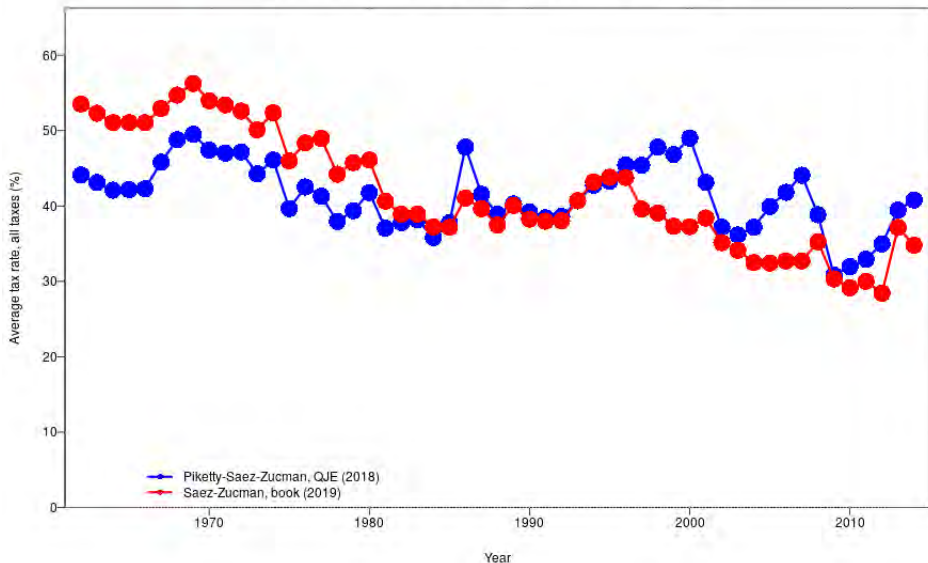
Revenue (%GDP) — estate/gift and wealth taxes



Incidence changes

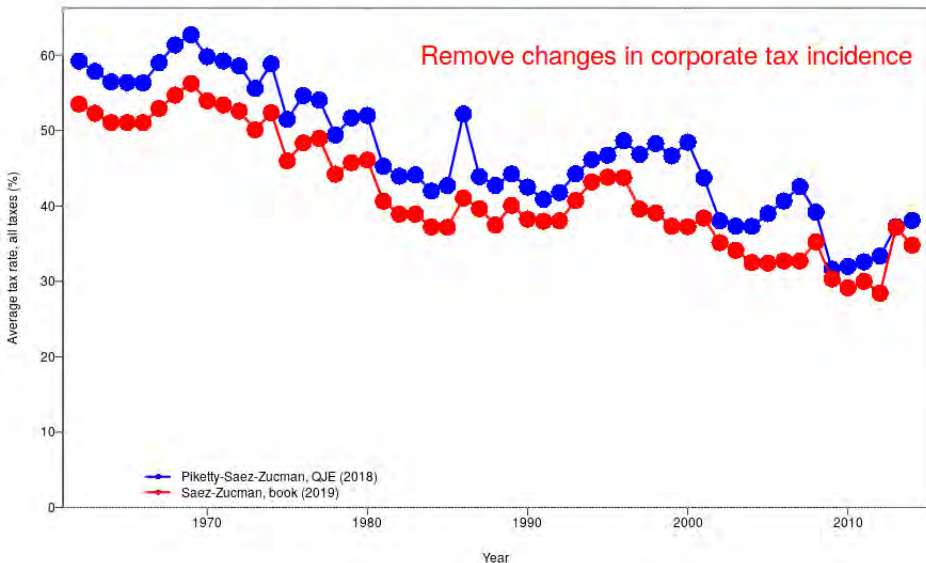
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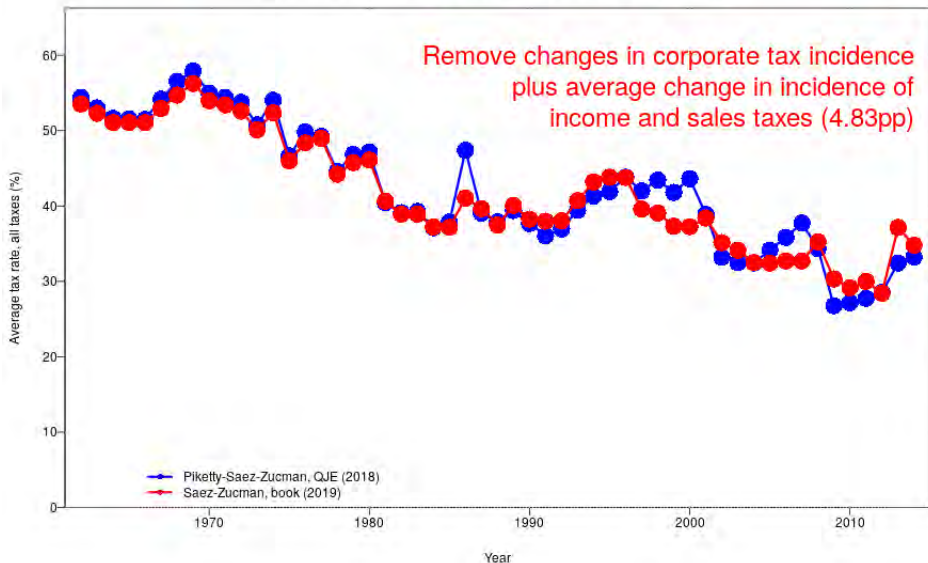
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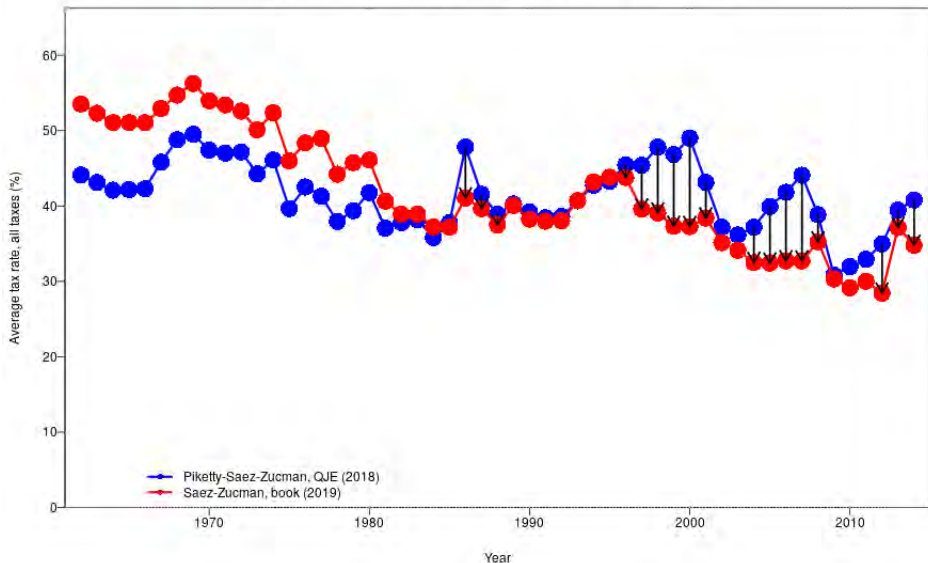
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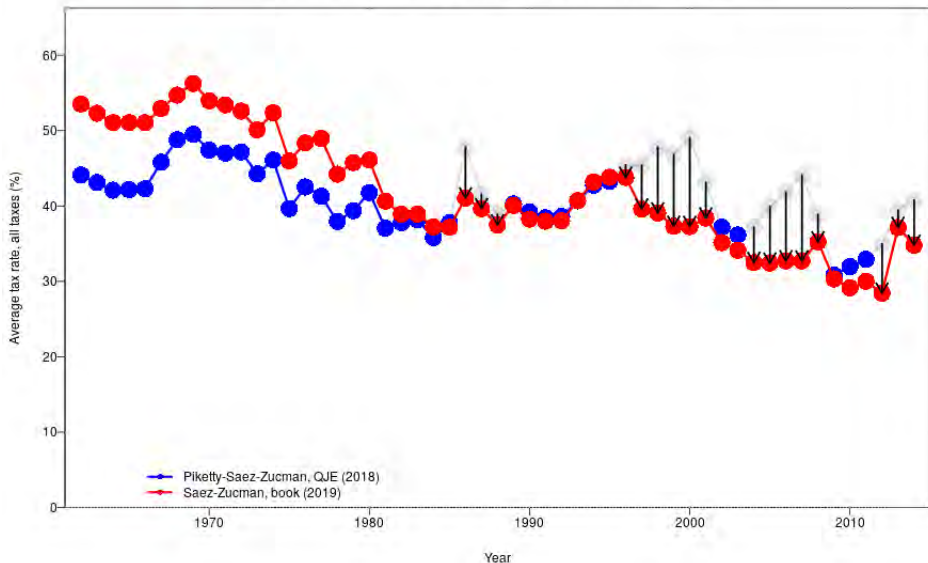
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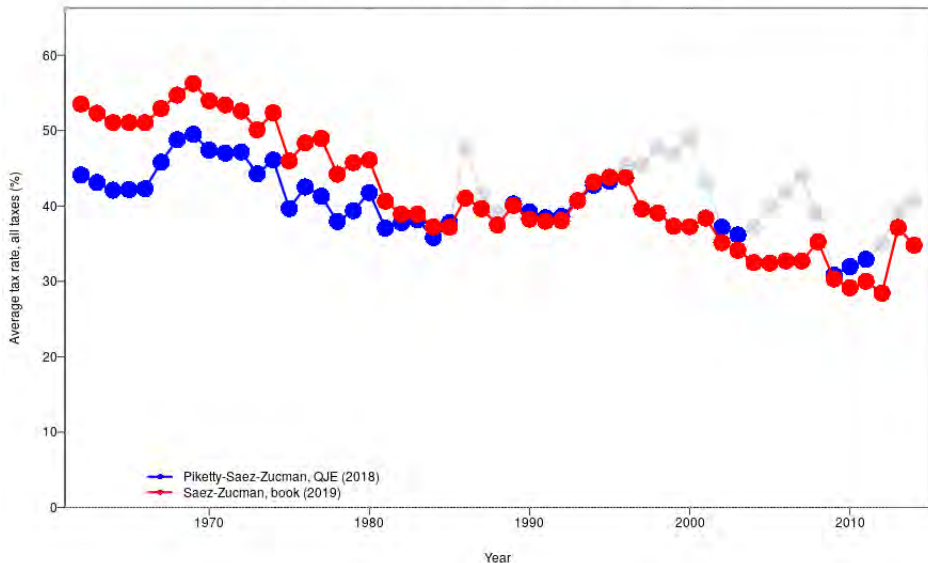
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